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GRADUATE SCHOOL

Thesis

THE ECONOMIC PROGRAM OF THE CO-OPERATIVE COMMONWEALTH FEDERATION

BY

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CHAPTER I

Introduction

As we look back beyond the years of World War II to the great depression of the 30s and realize the extent of social reform and the economic controls which the New Deal government fashioned at that time, we also realize that this nation of some one hundred forty millions has traveled far to the left since the Harding, Coolidge and Hoover era. And yet, in contrast with the rest of the world, we have done relatively little in the United States in developing economic and social controls. Some would say this is a good thing, and that the less control and interference from government, the healthier the economic life of the nation.

In considering this proposition we need only to recall the bank moratorium of 1933 and the subsequent bank reforms, the initiation of the Securities Exchange Commission and similar steps, to realize that this nation does not function automatically without some direction and control from government. It is apparently the conviction in government circles that much planning and control are necessary to the well-being of a highly organized, industrial nation. The question at present seems to be, how much planning and direction need we have to provide the goods for an optimum standard of life for the nation as a whole?

To refresh our minds as to the form which control has recently taken, we are able to turn to many scenes from the life of peoples in fascist and communist nations prior to and during World War II; scenes of oppression and obliteration of unwanted minorities, and a low standard of living for

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vast masses of the common people. Here was planning and control applied from above by a Hitler or a Mussolini or a Stalin and the hierarchy gathered about them. The avowed objective of all these leaders and their systems was the economic betterment of their nations.

In the United States action taken and controls instituted have not been of such a nature as to change the economic system of the country. In spite of the tag of "socialism" attached to some of the reforms which have been made, the designed effects were freer markets and expulsion of monopolistic restraints. From today's viewpoint we can fairly say that the New Deal policies were not socialistic, but only an attempt at reform of some features of our system of capitalism.

Today there seems to be a world - wide general swing away from the capitalistic system, quite largely toward socialism, except in those nations directly under the control of Moscow either through proximity or economic ties. The results of the recent elections in Germany, and elsewhere, reflect the desire to avoid Russian Communism. While it is true that the long-term aims of Communism and Socialism may be similar, yet the peoples of many nations, just now emerging from the economic disruption and confusion caused by war, seem to want a more gradual transition of their economic life. The United States is one of the few major nations with an economy based on private enterprise. Just before World War I, Great Britain was the citadel of capitalism, and London the financial center of the world. What prophet could have foreseen that less than 35 years later the Labor Party would be the government, with an announced program for socializing the national economy?

A statement by the editors of WORLD REPORT,[1] shows somewhat the extent of the pendulum's swing away from private enterprise:

> "Complete socialization in the Russian manner is to be expected in the Eastern European countries within the Russian sphere of influence, at least so long as Soviet influence is controlling. In Britain and France, complete socialization is the stated goal, but it is to be achieved gradually and by democratic methods. The goal in Argentia, as in other Latin American countries, is not clear, but the postwar trend is plainly toward more, rather than less, government control. The same trend is showing up in Australia and New Zealand, and in the province of Saskatchewan in Canada."

If the stated goal of an ideal economic system is the production and equitable distribution of all the goods necessary to the well-being of the people of a nation, we can see how far the fascist nations were from that goal. This is not to say that the American system of free enterprise has no faults, nor that it has yet provided us with an ideal state of economic well-being. There are certain valid criticisms of the way the system has worked in the past. Evils have crept in to prevent the working of "natural" economic law. Favored ones have amassed their millions, many times by a misuse of the system of private enterprise rather than because of the operation of the principles of capitalism. Without doubt the system developed in the United States has been able to produce more than any previous economic system in the world's history. It has come closer than any other of being capable to produce the goods necessary to a full measure of life. We might say that its failures have not been in being unable to produce, but in the failure to distribute

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1 World Report, United States News Publishing Corp., Washington, D. C. Vol. 1, No. 6, June 27, 1946, p. 5.

national production or income in a way that would make these goods available to those who needed them most.

Some of our economists point out that unless the present system of private enterprise in the United States from this point onward begins to provide more of the goods demanded by the lower income groups, we are due for more of a change in this country. This is now the only major stronghold of the capitalistic system in a changing world. Perhaps we may learn something from the experiements of others. In Canada there is the Co-operative Commonwealth Federation, a political party, self-styled socialistic. The CCF, as it is popularly known, has steadily grown in importance since the great depression of the 30s, until it has become the official opposition in Ontario and British Columbia, and almost has reached that status in the Dominion Parliament. In 1945 a CCF government came to power in Saskatchewan, one of the prairie provinces, providing a laboratory for the working out of their principles. It is the purpose here to examine the assertions and proposals of the Canadian Co-operative Commonwealth Federation, with a view to discovering the theory behind them; to see, perhaps, if they have followed the blueprint in Saskatchewan, and how well it has worked in practice.

It will be well to keep in mind that much, if not all that has been written, has been from a propoganda viewpoint; that it may be difficult to isolate many of the actual theories behind the various proposals; that the success of the government of Saskatchewan under CCF control may be due to factors other than a change in some of the features of their former economic system. We will need also to keep in mind that the CCF in Sas-

katchewan was and is not able to put all of its program to the test, in that a provincial government is limited to rights granted by the Dominion.

What we may hope to accomplish by an investigation of the principles and practice of the CCF is stated quite well in the following quotation:

> "Each individual citizen, if he is to perform his citizenship obligations, should arrive at some decision on the controversial issue of the preservation of capitalism versus the evolutionary or revolutionary substitution of another order for it. However, no one else should attempt to give him his final answer. It should come out of the thoughtful weighing of the various merits and deficiencies which could be expected to accompany the operation of every alternative type of economy. Unfortunately, these merits and deficiencies cannot be evaluated by setting down columns of absolute values and then, by addition and substraction, finding which type of economic organization offers the greatest potential human benefit. While some of the advantages and disadvantages of each type of economy can be valued in objective and definitely measurable terms, most of them cannot. It is these subjective elements that must pull the balance finally one way or the other when the individual comes to place his evaluation upon capitalism." [2]

[2] Comparative Economic Systems, William N. and Hoot Loucks, New York, 1943, Harper & Brothers, p. 65.

CHAPTER II

Background and Development of the Movements Culminating in the Co-operative Commonwealth Federation.

Mercantilism prevailed in ~~and~~ Europe during the sixteenth, seventeenth and eighteenth centuries. Production of goods was largely in the handicraft stage; the factory system was in its infancy; joint stock enterprises, forerunner of the modern corporate financial organization of business, were just emerging. The minds of men who guided the affairs of nations were dominated by the idea of controlling the national economy in order to make a country prosperous and strong. To this end private enterprise and business were controlled strictly for the purposes of protecting home industries, giving exclusive trading privileges to its own shipping, preventing colonies from exchanging goods with other countries or developing native manufactures, and in general making sure that the nation sold more than it bought, maintaining a "favorable balance of trade."

The Statute of Apprentices in 1562 and the English Navigation Acts of 1651, 1660 and 1663 are examples of mercantilistic law. As both a French and British colony, Canada lived in such a controlled economy until the end of mercantilism in England. But the pendulum swung in the other direction with the development of the doctrine of laissez-faire. Within some sixty-five or seventy years after the publication of Adam Smith's "Wealth of Nations" in 1776, England had passed from a mercantilistic policy to that of freedom of private enterprise.

At the same time that the doctrine of laissez-faire was developing, the change from the domestic to the factory system was going on, and this

industrial revolution was an added impetus to the change. In England the transition was gradual, marked by such events as the repeal of the Navigation Acts, adoption of free trade principles, and adoption of the gold standard. Everything was affected by the change -- education, law, politics, economics, although it was the technological development originating in the application of steam power to replace man power which acted as the prime factor in the change. For Canada, freedom to look out for herself -- "responsible government" -- seems to have been as much the results of these new and revolutionary economic theories which accompanied the industrial revolution as of her own efforts.

The British North America Act of 1867, with eight minor amendments, became the "constitution" of Canadian government. As far as it deals with economics, it bears the marks of the philosophy of that day, the marks of classical economics. There are important provisions dealing with the form of government, with education and minority rights, but the law is much more precise in dealing with matters which concern the economics of the country than with other matters of direct social importance.[1]

With the development of mass production, calling for larger investments in more expensive machines and equipment, the scale of operation in industry increased to the point where large pools of capital were needed. This development during the latter part of the nineteenth and early part of the present century may be called the financial revolution. The time came when single firms or groups of firms could dominate markets. Many times

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[1] Make This Your Canada, Lewis, David & Scott, Frank, pp. 45, 46. These statements are the opinions of the foregoing authors.

small enterprises were driven out by powerful concerns seeking to corner or capture certain markets. There were mergers and trusts and price-fixing agreements, and in the United States the era of the "robber barons" was followed by trust-busting and similar legislative pyro-technics designed to break monopoly control of various industries.

Corporate control can be and many times is vested in relatively small blocks of stock; the holding corporation has made it even easier for a small coterie of an executive group or banking circle to control a tremendous aggregate. It is said that in the railroad empire built on paper by the Van Sweringens, Cleveland real estate operators, each $10 of capital at the top controlled $1,700 in operating plants. Part of that empire has been recently controlled by a very small amount of capital. The leader of the group in control, who has recently made a bid for control of the New York Central System, felt that he could successfully do so with six (6%) per cent of the voting stock.

The new stage of large scale capitalism was not entirely anti-social, even though it increased the power and profits of a relatively small segment of our population. The development came primarily because it made the manufacturing process more efficient, and insofar as this was true, society benefited. However, the same development has deprived the system of private enterprise of some of its internal regulators (free competition and an open market). The growth of large scale operations and consequent tendency to monopoly makes some governmental control more essential and at the same time easier. While it is true that too often in the immediate past the concentration of financial power in the hands of a few has tended toward almost unlimited private profit and without social control, it

is also true that the critics of the capitalistic system have stressed the abuse of the system. The bloated plutocrat pictured by the communist and socialist propoganda line represents in many instances an abuse of the system of private enterprise, rather than a result of it.

To offset the dangerous tendency toward concentration of power and wealth into the hands of a few, counter movements developed in Canada as well as in other democratic states, such as co-operative societies, agrarian movements, trade unions, and socialistic-labor parties. In the field of co-operative endeavor, Canada has been slow to develop. Most progress has been made in the wheat pools of the prairie provinces. In the field of retail and wholesale distribution and industrial production, Canada has lagged behind. Theoretically the co-operative idea meets the needs of both the industrial worker and the farmer, and we have already noted that it is more advanced on the agricultural than of the industrial side. Until recently the farmer has also been more self-reliant and aggressive politically than the worker. Following World War I the Progressive movement was largely agrarian, and it sowed the seeds of independent political action which have grown into the Co-operative Commonwealth Federation.

Probably because of the relative importance of agriculture in Canada, the labor movement has been slow to develop. In 1931, out of a labor population of some 2,000,000, there were 310,544 organized workers, or less than one in six. Ten years later, union membership had risen to 425,000; yet even today less than one in five are in such organizations. Compared with the United States, where a much larger proportion of the population is industrial labor, we find that the ratio of union to total

labor is 14 millions to 58 millions, or roughly one in four. Limiting this to manufacturing labor, the ratio is about 12 millions to 39 millions, or almost one in three.

In some instances Canadian farmers, like their counterparts in the United States, made common cause with the labor elements for political action. In 1919 a farmer government, supported by labor, was swept into office in Ontario. In the same year a general strike occurred in Winnipeg, on which the whole country was divided. Many of the strike leaders were arrested, but in the Manitoba provincial elections of the following year, eleven Independent Labour Party members were elected to the legislature, some of them strike leaders still in prison.

There were other home spun political parties and in the same year, 1919, members of the United Farmers (Alberta) were elected to govern their province. In 1920, four candidates of the Federated Labour Party were elected to the legislature in British Columbia. The Federal parliament in 1921 seated 65 members from Ontario and the three prairie provinces, under the banner of the new Progressive Party. Labor also sent two members to parliament -- one from Winnipeg and one from Calgary. While this early post-World War I political ferment left its mark on Canadian development, the farmer and labor parties suffered from a basic ailment. They lacked a comprehensive and unifying social program, and the Progressive Party soon went to pieces. In Parliament a small group of Progressives, mostly from Alberta, came to be known as the "Ginger group". In 1925 labor elected another member to Parliament from Winnipeg, and in 1930 one from Vancouver.

Both farmer and labor representatives soon learned the need and the

effectiveness of co-operation in political matters, and the "Ginger group" in Parliament met on May 26, 1932, to discuss the formation of a new organization to coordinate the endeavors of the existing farmer and labor parties. Progress had taken place in the West also. The Socialist Party of British Columbia, the Canadian Labour Party, and the Dominion Labour Party of Alberta, the Independent Labour Party of Saskatchewan and the Independent Labour Party of Manitoba, already had a coordinating body known as the Western Labour Conference. In 1931 this Conference invited representatives of the farmer organizations, and in January, 1932, the United Farmers of Alberta decided to co-operate with labor. During the summer of the same year Saskatchewan labor and farmers formed the Saskatchewan Farmer-Labour Party. July 30, 1932, the Western Labour Conference met in the Calgary Labour Temple, and the labor delegates were joined on August 1 by farmer representatives. This meeting brought together the farmer and labor members of the provincial legislatures, more than one hundred representatives of socialist, farmer and labor political organizations of the four western provinces, the president of the Canadian Brotherhood of Railway employees, and the "Ginger group" in Parliament.

Each group had developed by experience its particular approach to the common problem, and there was, of course, great difference of opinion among the delegates to the Calgary conference. Some provincial parties naturally wanted to retain their identities, as they had attained a degree of political success. There were differences of social philosophy, but with it all a recognition of the fundamental needs of the people. Out of these differences, the resolutions committee, under the leadership of M. J. Coldwell, hammered out a dynamic, fourteen-point program. Part of

the program called for the establishment of a federated political party, with a name distinctive and broad enough for an all-inclusive people's movement: The Co-operative Commonwealth Federation, more popularly known as the CCF.

A provisional national council was appointed, with J. S. Woodsworth unanimously elected president. While the program presented by the resolutions committee was unanimously adopted, as a statement of objectives, after lengthy debate it was left for discussion and study by the newly elected provisional council and all participating organizations of the federation. The final platform of the party was to be adopted by the first convention of the new party, to be held in Regina, Saskatchewan, the following year. In the meantime, the provisional council called in leading members of the League for Social Reconstruction to help draft the party program.[2]

As the CCF met in its first national convention in the City Hall of Regina, on July 19, 1933, its main work was the adoption of the party program. This was no easy task, and the discussion of every plank was sharp and prolonged. But this platform had behind it a year of study by the national council and the various organizations comprising the Feder-

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2 The League for Social Reconstruction was the outgrowth of two study groups, which began to function at the same time independently in McGill University and the University of Toronto. They reached the conclusion that a job of social education needed to be done, and in January, 1932, the League was born. This group of professional social students did a great deal of fundamental and painstaking research on social and economic problems, some of which has been published in "Social Planning for Canada", 1932.

ation. Agreement on many basic points had already been reached, and when it was all over, there came forth the "Regina Manifesto", which was not only a party program, but a social philosophy. Although its general principles have been amplified and clarified by later decisions of the party, it remains the basic statement of CCF philosophy.

Constitutionally the CCF has always retained the federation principle, but this has caused confusion and duplication of effort, and one by one the political affiliates of CCF, such as the old labor parties, the Socialist Party of British Columbia, and the United Farmers of Alberta, voted themselves out of existence.

It is well to note that the immediate factor for bringing these different elements together into one political party was the problem of the great depression, which reached Canada and the United States at about the same time. Just as the theory of leading economists at different times in history have been colored by the environment in which they found themselves, and by the economic situation existing at the time, so much of the program set forth by the CCF no doubt reflects the conditions prevailing at the time the party came into being.

CHAPTER III

The Economic Principles of the CCF

It might be well to compare the stated aims of the CCF with a thoughtful definition of socialism, as follows:

> "Socialism refers to that movement which aims to vest in society as a whole, rather than in individuals, the ownership and management of all nature-made and man-made producers' goods used in large-scale production, to the end that an increased national income may be more equally distributed without materially destroying the individual's economic motivation or his freedom of occupational and consumption choices." [1]

Parts of the Regina Manifesto would seem to fit very nicely into that definition. Article 2. sets forth the socialization of the banking facilities of the country as one aim, and Article 3. aims at the socialization of public utilities and "all other industries and services essential to social planning."[2] This quite comprehensively covers not only the ownership and operation of the producer goods used in large-scale production it would seem, but also the related business and industry necessary to support such operation.

The aim of the Co-operative Commonwealth Federation is to establish a truly democratic government, and by that the party member means democratic socialism. Mr. M. J. Coldwell, the national leader, points out

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[1] Comparative Economic Systems, Loucks, William N. and Hoot, J. Weldon, New York, 1943, Harper & Brothers, p. 306.

[2] Regina Manifesto, Article 3

the philosophy of the Federation on this point in the following statements: "It is my profound conviction that a political party which is itself undemocratic -- whether its policy is formulated by the large corporations as in the Liberal and Conservative (old line) parties, or is controlled by a small clique at the top as in the Communist Party -- can never build a really democratic society. In one case we have political rights without economic justice, and in the other ostensibly economic justice, certainly without political rights. Real democracy is a balanced combination of both these rights; either without the other is a negation of democracy. This is, I believe, a fundamental principle of the CCF."[3]

The foregoing statement by Mr. Coldwell agrees with the viewpoint expressed by Mr. Loucks concerning the socialistic system as a democratic form of government: "'Society as a whole', moreover, implies the existence of some form of what we call, in the broadest and most idealistic sense, a 'democratic' organization of society."[4]

Many are apt to lump the "isms" together in one category, and Fascism, Communism and Socialism are confused in their minds. One CCF writer states the differences as he sees them in the following simple formulas:

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[3] Make This Your Canada, Toronto, 1943, David Lewis and Frank Scott, Central Canada Publishing Company, vi. foreward.

[4] Loucks and Hoot, p. 307.

1. Capitalism equals political democracy and economic dictatorship.

2. Fascism equals political dictatorship and economic dictatorship.

3. Communism equals political dictatorship and economic democracy.

4. Socialism equals both political democracy and economic democracy.[5]

These statements, of course, are subject to the criticism that they are biased, since the author is a CCF member and writing and lecturing to bring the CCF to power. Much that is written for such purposes must necessarily be simplified to the understanding of everyone with a vote. One can easily see the result in these definitions, which are too simple and too loose for exactive discussion.

Perhaps the best statement of aims and definition of general policy is found in the Regina Manifesto, which states the purpose of the CCF as "the establishment in Canada of a Co-operative Commonwealth in which the principle regulating production, distribution and exchange will be the supplying of human needs and not the making of profits . . . When private profit is the main stimulus to economic effort, our society oscillates between periods of feverish prosperity in which the main benefits go to speculators and profiteers, and of catastrophic depression, in which the common man's normal state of insecurity and hardship is accentuated. We believe that these evils can be removed only in a planned and socialized

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5 Fascism, Communism and Socialism, David Lewis, a lecture, November 1945, mimeo by Miss Elizabeth Cohen, 565 Jarvis St., Toronto, Ontario, Canada.

economy in which our natural resources and the principal means of production and distribution are owned, controlled and operated by the people." (Italics supplied)

"The new social order at which we aim is not one in which individuality will be crushed out by a system of regimentation. Nor shall we interfere with cultural rights of racial or religious minorities . . . We do not believe in change by violence . . . . It is a democratic movement . . . . . seeking to achieve its ends solely by constitutional methods." [6]

The last few phrases in the foregoing quotation emphasize that the CCF is an evolutionary socialist movement, at least in theory. In the paragraph immediately preceding, the italics point up for us the true socialist viewpoint. In addition to this, the Regina Manifesto expresses the considered thought of its framers that they do not believe in outright confiscation of private property to implement the socialist program: "In restoring to the community its natural resources and in taking over industrial enterprises from private into public control, we do not propose any policy of outright confiscation. What we desire is the most stable and equitable transition to the Co-operative Commonwealth. It is impossible to decide the policies to be followed in particular cases in an uncertain future, but we insist upon certain broad principles. The welfare of the community must take supremacy over the claims of private wealth . . . We recognize the need for compensation in the case of individuals and institutions which must receive adequate maintenance during the transitional

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6 Regina Manifesto, preamble, Regina, Sask., Canada, July 19, 1933.

period before the planned economy becomes fully operative." [7] By what means does the CCF plan to institute its reforms?

Socialist programs adhere to fairly definite outlines in establishing the order of socialization. Loucks gives a rather general one in the following order: commercial and investment banking system, possibly those industries producing material for war directly, public utilities, natural resources excluding agriculture, large-scale manufacturing, and merchandising industries. The industries most likely to have priority on the program would be those with a high degree of monopolistic control, both because of need and because of the technical ease of accomplishing the transition. [8]

If we were to take the outline set up in the Regina Manifesto for this program of socialization, we would find it substantially the same. However, it is well to note that the Manifesto was not meant as a time-table, but only as a statement of objectives. The list that Mr. Loucks refers to is more or less chronological. Following is a list of the fourteen-point program set forth in the Regina Manifesto:

1. National Planning Commission.
2. Financial and Banking facilities.
3. Public Utilities and natural resources; all other important industries.
4. Agricultural reforms.
5. External trade regulations.
6. Co-operative institutions encouraged.
7. Labor code.
8. Socialized health program.
9. Constitutional amendments.
10. Foreign policy reforms.

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[7] Regina Manifesto, Section 3, paragraph three.

[8] Loucks and Hoot, pp. 335-338.

11. Taxation and public finance.
12. Freedom and equal treatment for all.
13. Reform of criminal law and administration.
14. Emergency program.

Aside from the fact that the Manifesto contains some items which are not directly economic, and leaving out the war industries, the outlines agree very well, it would seem. Of course, some of the items toward the latter part of the Manifesto list are related to the Canadian situation as distinguished from a general theory of how a program should be instituted. Item three in the Manifesto list would seem to include several of the items given in the general list.

Two other CCF writers give us something that comes nearer to a time table in the following:

1. Planning
2. Socialization of finance, public utilities and other industries.
3. Return to public ownership of natural resources, and their development, together with industries based upon them.
4. Agricultural reform (private enterprise still in control here)
5. Social security.
6. International planning.
7. Constitutional reconstruction.

These are "some of the major steps which, we believe, the first CCF government will take to implement its programme. But they are not necessarily those which it may be possible to take in practice. Conditions may dictate other measures, a faster or slower tempo."[9]

Mr. David Lewis has stated four objectives of democratic socialism, and puts first the socialization of the "key levers of the economy, not

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[9] Make This Your Canada, David Lewis and Frank Scott, Toronto, 1943, Central Canada Publishing Company, pp. 150-185.

for its own sake, but because only through social ownership of the controlling sectors of the economy will it be possible to make the economy serve genuine social purpose".[10] By arrangement of the list to put planning first, which is necessary before changing any part of the economy, Mr. Lewis would have the following aims:

1. "Deliberate economic and social planning".

2. "Social ownership of key sectors of the economy, such as banking facilities, natural resources, public utilities, and other important industries."

3. "Make the goods and services produced through the collective effort of the people available equally to all the people." (Mr. Lewis doesn't say how this is to be done.)

4. "To erect a comprehensive system of social security to take care of the aged and the young, to provide for the education, health and artistic development of the people." [11]

In a broad way, Mr. Lewis follows the line of reform presented by others.

We have examined the general aims and objectives of the Co-operative Commonwealth Federation to see where it fitted into the socialistic scheme, and find that its program and underlying aims are socialistic of an evolutionary type not given to outright confiscation but dedicated to reform by constitutional methods; that its adherents believe it is fundamentally democratic. We next want to consider the specific proposals of the CCF concerning the Canadian economy, which we shall endeavor to do in Chapter IV.

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10 Fascism, Communism and Socialism, David Lewis, a lecture, November, 1945, mimeo by Miss Elizabeth Cohen, 565 Jarvis St., Toronto, Ontario, Canada.

11 Ibid.

CHAPTER IV

Specific Proposals of the CCF Concerning the Canadian Economy.

The first step involves the setting up of a National Planning Commission consisting of a small body of economists, engineers and statisticians, assisted by an appropriate technical staff. When Canada was faced with the grim test of war, government leaders realized that it was necessary to plan the economy for all-out production of the vital materiel of warfare. In so doing, she was able to virtually treble her production of economic goods, setting a goal for an economic system designed to serve the ends of peace.[1] The question could be raised as to whether the incentive of anticipated profits might have stimulated this great increase. To a great extent both in the United States and Canada patriotism probably played some part in the production boost. Aside from this, an overall plan is still needed in wartime to assign productive capacity to the most vital materiel.

The war time experience of both the United States and Canada, as well as that of other nations, has shown how necessary it is under war conditions to plan effectively. It would be a tragedy to have achieved such a high level of production for the purpose of destruction, and then be unable to apply the same energy and foresight to providing for the wants and needs of a population which needs so much.

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[1] Make This YOUR Canada, Lewis and Scott, pp. 150, 151.

It is doubtful if the more prominent members of the CCF believe that it is only necessary to plan and the Utopian form of government automatically comes into being. "None of us thinks that the mere election of a socialist government will automatically produce a socialist society. On the contrary, we know that the effort which will be required after a socialist government comes into power will be even greater than the effort required on the road to winning the government."[2]

"Control of finance is the first step in the control of the whole economy. The chartered banks must be socialized and removed from the control of private . . . interests; and the national banking system thus established must have at its head a Central Bank to control the flow of credit and the general price level, and to regulate foreign exchange operations. A National Investment Board must also be set up, working in cooperation with the socialized banking system to mobilize and direct the unused surpluses of production for socially desired purposes as determined by the planning Commission.

"Insurance Companies, which provide one of the main channels for the investment of individual savings . . . must also be socialized."[3]

One may note four specific proposals here, which the CCF holds

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2 Fascism, Communism and Socialism, David Lewis, a lecture, p. 11

3 Regina Manifesto, Sec. 2

to be necessary in the field of finance:

1. Socialize chartered banks, (such as Royal Bank of Canada, Bank of Montreal)

2. Establish a Central Bank (Bank of Canada now performs that function) to do three things: (a) control flow of credit[4] (b) control general price level,[5] and (c) regulate foreign exchange operations.

3. Set up a National Investment Board.

4. Socialize insurance companies.[6]

"We believe that these evils (supposedly fostered by capitalistic system) can be removed only in a planned and socialized economy in which our natural resources and the principal means of production and distribution are owned, controlled and operated by the people."[7]

An extension of this thought was contained in the program presented at the Seventh National convention in 1942. "The whole of Canada's vast Northland calls for a national policy of planned development, in which the Indian and Eskimo must be assisted to take their share as full citizens. Extensive schemes for developing our mineral resources, electric power and waterways, and for the electrification of areas, should be undertaken. Our forests need protection from private exploitation and government neglect. Unexplored areas should be mapped and surveyed. Soil surveys should be carried on and the new industrial uses for agricultural products extended through scientific research and social planning."[8]

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4 See Chapter VIII

5 See Chapter VIII

6 It is interesting to remark that in England and on the Continent, the first step in socialization was almost invariably with reference to the banking industry.

7 Regina Manifesto, preamble

8 7th National Convention of CCF, Toronto, Ontario, July, 1942

"Public utilities must be operated for the public benefit. . . Such a program means the continuance and extension of the public ownership enterprises in which most governments in Canada have already gone some distance. Only by such public ownership, operated on a planned economy, can our main industries be saved from . . . wasteful competition . . . ruinous over-development and . . . over capitalization . . . Only in a regime of public ownership and operation will the full benefits accruing from centralized control and mass production be passed on to the consuming public."[9]

"A labor code must be developed which will include state regulation of all wages, equal reward and equal opportunity of advancement for equal services, irrespective of sex; measures to guarantee the right to work or the right to maintenance through stabilization of employment and through unemployment insurance; social insurance to protect workers and their families against the hazards of sickness, death, industrial accident and old age; limitation of hours of work and protection of health and safety in industry. Both wages and insurance benefits should be varied in accordance with family needs.

"In addition workers must be guaranteed the undisputed right to freedom of association, and should be encouraged and assisted by the state to organize themselves in trade unions. By means of collective agreements and participation in works councils, the workers can achieve fair working rules and share in the control of industry and professions; and their organi-

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9 Regina Manifesto, Section 3.

zations will be indispensable elements in a system of genuine industrial democracy." [10]

"With the advance of medical science the maintenance of a healthy population has become a function for which every civilized community should undertake responsibility. Health services should be made at least as freely available as are educational services today . . . A properly organized system of public health services including medical and dental care, which would stress prevention rather than the cure of illness, should be extended to all our people in both rural and urban areas." [11]

Some measures intended "as initial steps towards a general system of social insurance to provide each citizen against the hazards of unemployment, sickness, disability and old age:

A floor below which no person's income is allowed to fall;[12] increased old age pensions starting at 60; pensions for unemployables; improved nutrition standards, family and mothers' allowances; a comprehensive scheme of child care and nursery schools, especially for children of mothers in industry."[13]

Up to the years of World War II Canada was largely a land of farmer people and those engaged in the production of other raw materials. It is not surprising that some of the most detailed proposals of the CCF refer to

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10 Regina Manifesto, Section 7

11 Regina Manifesto, Section 8

12 See Chapter VIII

13 7th National Convention, Section 4.

agriculture and related industries. There are several specific items proposed, as set forth in the Regina Manifesto and proposals adopted at later conventions:

1. Security of tenure for the farmer upon his farm.

2. Legal relief in case of unavoidable crop failure.[14]

3. Removal of tariff burden from agricultural operations.

4. Improvement of export trade efficiency in farm products by system of import and export boards.

5. Upward revision of price ceilings for farm products to place farmer on parity with other sections of population in purchasing power.

6. Extension of consumer co-operatives for purchase of farm supplies and domestic requirements.

7. Extension of co-operative institutions for processing and marketing of farm products.[15]

"Similarly the fishing industry in Canada requires a national policy of protection (against over-exploitation) and development . . . . The Federal government, in cooperation with provincial authorities, should encourage credit unions, promote the establishment of public-owned or co-operative fish packing and processing plants and should guarantee adequate prices for the fisherman's products."[16]

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14 The legal measures set up to provide relief from payment of certain debts, interest, and principal on mortgage in case of crop failure (as crop failure is defined by law) is now being tested in the courts of the Dominion.

15 Regina Manifesto and Proposals of 7th National Convention of CCF/

16 7th National Convention, Sec. 3, par. 3.

"In agriculture, as already mentioned, the primary producer can receive a larger net revenue through co-operative organization of purchases and marketing.[17] Similarly in retail distribution of staple commodities . . . and such co-operative organization can be extended into wholesale distribution and into manufacturing. Co-operative enterprises should be assisted by the state through appropriate legislation and through the provision of adequate credit facilities.[18]

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17 By buying at a lower price through a co-operative and thus lowering costs, and by selling through a co-operative at a higher price than a single producer would sell, the net margin on production should be higher than otherwise.

18 Regina Manifesto, Section 6, par. 1

CHAPTER V

Discussion of Limitations Imposed on the Working Out of Co-operative Commonwealth Federation Policy in the Administration of Saskatchewan.

We have examined the proposals of the Co-operative Commonwealth Federation concerning changes to be made in the Canadian economy. It is in order, before taking up the matter of how these proposals have worked out in Saskatchewan under the CCF administration, to outline the limitations imposed upon the experiment by reason of the provincial scope of the test, and the overriding authority of the Dominion on many matters. Certain sections of the British North America Act. (B.N.A.) will be cited in referring to areas of authority,[1] and we will notice that some authority granted by the B.N.A. Act is concurrent, so that both the Provincial government and the Dominion may deal with a problem.

The first area in which the CCF makes proposals concerning the economy of the Dominion is the realm of finance. The B.N.A. Act is quite specific in defining the authority to deal with such problems to be that of the Dominion, under the following clauses:

(a) Currency and Coinage
(b) Banking, Incorporation of Banks, and the Issue of Paper Money.
(c) Savings Banks
(d) Bills of Exchange and Promissory Notes
(e) Interest
(f) Legal Tender[2]

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[1] British Parliament, Acts of 1867; in reality the British North America Act is the only "constitution" of the Dominion of Canada.

[2] British North America Act, Section 91, which sets forth the powers granted to the Dominion Government; the items listed are Clauses 14, 15, 16, 18, 19 and 20, of that Section.

In the matter of natural resources, the management and sale of the public lands belonging to the provinces and of the timber and wood thereon is specifically mentioned as within the scope of provincial authority.[3] It appears likely that this power could be extended to include a great many other related subjects, such as control over mineral resources, fishing and trapping. Provincial legislation, in this case, could effectively support measures aimed at the conservation of both non-renewable resources, such as minerals, and renewable resources, such as timber.

In the Section of the B.N.A. Act dealing with the authority granted to the provinces, there is the following clause:

> "Local Works and Undertakings other than such as are of the following classes: --
> (a) Lines of Steam or other Ships, Railways, Canals, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the Limits of the Province . . [4]

We can conclude from this that in general, any public utility of transportation, communication or power transmission which does not go beyond the confines of the province is subject to provincial control and administration. The Saskatchewan Power Commission and Saskatchewan Telephones have been operating as publicly owned properties for many years, and recently a crown corporation has been formed to operate bus lines within the province. On the other hand, it would hardly be possible to socialize the Canadian Pacific Railway, which is transcontinental in extent; the Canadian

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[3] Ibid., Section 92, Clause 5.

[4] Ibid., Section 92, Clause 10 (a)

National Railway is already owned by the Dominion government.

In the field of agriculture, authority to deal with questions relating thereto is concurrent. In case of a conflict between legislation written by provincial parliament and the Dominion Parliament, quite naturally the Dominion law is paramount.[5] It has been suggested that an amendment be made to the B.N.A. Act conferring authority in like manner on matters having to do with labor.[6] This would result in much the same situation that exists in the United States, where we have the states dealing with labor matters and national laws such as the Wagner Act and the Wage and Hour Law. In some respects state labor laws are in advance of the national legislation. This is the case in Saskatchewan, with the Trade Union Act covering much the same ground as our Wagner Act, and as yet there is little Dominion legislation on the subject. Saskatchewan legislation in this field is probably based on the inherent police powers of government.

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5 Ibid., Section 95.

6 Planning For Freedom, article "Dominion-Provincial Relations", Underhill, Frank H., Thistle Printing Co., Toronto, Ontario, 1944, page 156.

CHAPTER VI

Accomplishments in Saskatchewan of Aims and Objectives of CCF

No attempt has been made to deal with every proposal of an economic nature set forth by the Cooperative Commonwealth Federation. The reader will see that the following subjects were dealt with consecutively in the preceding chapter, some briefly and some in more detail:

1. Planning
2. Financial matters
3. Natural Resources
4. Public Utilities and industrial projects
5. Labor
6. Health Services
7. Agriculture
8. Co-operatives

The CCF formed the new government after the general elections of 1944. We can only see what they have accomplished in some two and a half years of power.

Looking through the Statutes of Saskatchewan for the second session of 1944, one finds no reference to a Planning Commission such as that envisioned by the framers of the Regina Manifesto. Instead we find reference in the Saskatchewan News to the reply of Premier T. C. Douglas to criticism of the government's Economic and Advisory Planning Board and its members.[1]

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[1] Saskatchewan News, April 1, 1946

Apparently Mr. Douglas and his CCF majority felt that an advisory board would better suit the provincial situation. The Board has no executive powers, but its duties rather consist in gathering data useful for assessing the resources of the Province and recommending as to their use and development. It is the stated purpose of the administration in seeking members for the Board that the best qualified be appointed, whether from inside or outside the Province.

The first proposal of the CCF we wish to examine is that relating to the socialization of the financial structure. The first step was to be socialization of the chartered banks and setting up of a Central Bank. This lies within the domain of the Dominion Government as pointed out in Chapter V, and is thus removed from action by provincial legislature. However, there is one proposal in this category which the province could and did make effective, and that is concerned with insurance. During the first year in power, in the Statutes enacted by the first CCF legislature is an Act to empower the Government of the Province of Saskatchewan to engage in the Business of Insurance.[2]

With this enabling legislation the administration started in a limited way a few months later to implement the Act. To begin with, the entire staff consisted of one man, who sat at a desk crowded into the office of Social Welfare Minister O. M. Valleau. The desk was borrowed and the capital of $12,000 to begin operations was a loan from the provincial treasury. Since that day, by successive steps, the Government Insurance

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[2] Statutes of Saskatchewan, Second Session, 1944, Chapter 13.

Office has grown to a size requiring modern, well-equipped offices suitable for an office staff of sixty employees. It is now represented by five hundred and fifty active agents throughout the province. From the start premium income came in such volume that at the end of the first year, Michael F. Allore, the manager, returned the original $12,000 loan untouched to the provincial treasury.

Government rates have been an average of about ten per cent lower than that of private companies, which the private companies have met by some reductions. Not only have those who buy government insurance benefited, but others have thus benefited from lower rates. A large part of the reserve funds of the Government Insurance office are invested in government bonds, and thus the government is paying interest to itself (actually paying no interest at all) on $640,000.

The stated belief of the CCF to the effect that natural resources should be owned, controlled and operated by the people has been to an extent put into practice. One aspect of natural wealth in Saskatchewan is her forest land. In May of 1946 a reclamation project was launched to bring back to public control all timber products of crown (public) lands. After November, 1946, except for a few berths and rights to cut fuel wood, fence posts and poles, all timber products from crown lands are to be cut on contract and sold through the Saskatchewan Timber Board.[3]

An inventory of Saskatchewan timber resources began in February, 1947,

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[3] Saskatchewan News, Nov. 18, 1946 and Jan. 27, 1947.

with a plane and special camera equipment acquired by the Department of Natural Resources. An aerial-tract system will be employed, and the aerial surveys will be supplemented by ground crew sampling of all timber stands. When the work is completed at the end of a two-year period, it will enable the Department to regulate the annual timber cut intelligently and help to utilize and conserve the timber resources of the Province.[4]

The government has three fish filleting plants, one of which is a portable outfit capable of processing six to seven thousand pounds of fish per day and owned by a crown corporation, Saskatchewan Lake and Forest Products Corporation. Estimated production of commercial fish in Saskatchewan during 1947 is expected to be 9,500,000 pounds, and the Saskatchewan Fish Board, a marketing agency, expects to handle 5,000,000 of the total. To insure more orderly marketing, the production schedule of the Board calls for the fishing of certain lakes during the summer months and others during winter months. As a result, the fishermen and plant workers are expected to have a more even income.[5]

Inauguration of a fur conservation and development program by the Department of Natural Resources is thought to be the answer to a "feast and famine" lack of policy in trapping everything available one year, followed by a closed season with trappers on relief. A greater as well as more stable income is possible through development of suitable breeding grounds and better forest fire control. The Saskatchewan Fur Marketing

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4 Ibid., Jan. 27, 1947

5 Ibid., Nov. 25, 1946, Jan. 27, 1947 and Feb. 10, 1947.

Service markets a large percentage of the raw furs produced in the Province.[6]

When the Co-operative Commonwealth Federation came to power, the Province of Saskatchewan was already in the electric utility field through operation of the Saskatchewan Power Commission, which began operations in 1929. During the first nine years of operation deficits grew steadily until they reached a total of $327,000 at the end of 1938. Each year since a surplus helped to reduce the accumulated deficit to $231,000 at the end of 1944, during which year the CCF came to power. In 1945 the Commission acquired Dominion Electric Power, Ltd. and the Prairie Power Company besides adding to their transmission lines and customers in areas already served. In May of 1945 rates were reduced, even in face of the existing deficit. However, during the year that deficit was reduced to $74,000.

A further reduction in rates to a maximum of ten cents per kilowatt over the entire system was made in June, 1946, as compared with rates as high as fifteen cents before the CCF assumed control of the Commission.

The year 1946 showed a net operating margin of $414,000, or a net surplus of $340,000 at December 31, 1946. Shortly after the first of January , 1947, the Saskatchewan holdings of Canadian Utilities, Ltd., exclusive of a unit at Lloydminster, were acquired at a price of $3,600,000, which added many miles of transmission and distribution lines and 11,147 new customers. With the exception of a few scattered units, all power production and trans-

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6 Ibid., Vol. 2, No. 17, Feb. 3, 1947.

mission facilities in the Province are now owned and operated by the government.[7]

In Chapter V it was pointed out that while the Canadian National and Canadian Pacific Railways are not subject to provincial control, any transportation system which did not extend beyond the boundaries of the Province would be subject to provincial control or ownership. On April 1, 1946, the Saskatchewan Transportation Company, a crown corporation organized to provide bus service throughout the Province, began operations in a limited way.[8] By June 24 of the same year, the Company was operating over twenty-one routes a total distance of 3,300 miles, and will eventually handle all inter-city bus traffic within the Province.[9]

The consideration of other industries into which government can enter to accomplish its objectives is outlined in the aims of industrial development:

> "1. To process Saskatchewan primary products.
>
> 2. To provide greater employment opportunity for the people of Saskatchewan through industrial activity.
>
> 3. To expand Saskatchewan's social services with revenues obtained from socially-owned industries."[10]

Consequently, in addition to the industries already mentioned, namely,

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7 Ibid., April 8, 1946, Feb. 10 and Feb. 17, 1947.

8 Ibid., April 8, 1946.

9 Ibid., June 24, 1946.

10 Information Bulletin, No. 1, The Bureau of Publications, Regina

Government Insurance Office, Government Fish Filleting plants, the Power Commission, the Fur Marketing Service, and Saskatchewan Transportation Company, there are several other socially-owned projects now under way. The government owns a woolen mill in Moose Jaw, a shoe factory in Regina, a brick plant in Estevan, a seed-cleaning plant in Moose Jaw, a printing company in Regina, a wood box factory in Prince Albert, a tannery and a research laboratory in Regina.

These industrial projects cover a wide range of economic territory, and in this attempt at social ownership, some financial success has attended the operation of these enterprises. For thirteen such units, not including the Power Commission, the net return after depreciation for the six months of April 1 to September 30, 1946, was $190,000 at the rate of about 13% per annum on invested capital.[11]

Ownership of the box manufacturing business was not according to government plan, but came as a result of the former owner ignoring an order of the Provincial Labor Relations Board. The company persistently refused to conclude a collective bargaining agreement with the certified union in accordance with the provisions of the Trade Union Act, even after it had

[11] Saskatchewan News, February 10, 1947

been ordered to do so by the Labor Relations Board.[12] The subsequent developments led to the purchase of the box company on an equitable basis, and it is now operated by Saskatchewan Lake and Forest Products Corporation, the crown corporation dealing in fish and timber.[13]

Great strides have been made in labor legislation since the CCF came into power. The Provincial government has endeavored to show itself a "model" employer by entering into collective bargaining agreements with its employees on the same basis as required of a private employer under the Trade Union Act, 1944. This Saskatchewan statute is really a comprehensive document setting forth the principles governing relations between labor and management in much the same manner as the Wagner Act in the United States.

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12 Statutes of Saskatchewan, 1944, Second Session, Chapter 69, Section 12.
"In addition to any other penalties imposed or remedies provided by this Act, the Lieutenant Governor in Council, upon the application of the board and upon being satisfied that any employer has willfully disregarded or disobeyed any order filed by the board, may appoint a controller to take possession of any business, plant or premises or such employer within Saskatchewan as a going concern and operate the same on behalf of His Majesty until such time as the Lieutenant Governor in Council is satisfied that upon the return of such business, plant or premises to the employer the order of the board will be obeyed."

13 Saskatchewan News, Jan. 15, 1947.
A controller was appointed for the business in question and later the government decided to purchase the business, paying more for its assets than the owner's own appraisal.

The Trade Union Act does four things: (1) it recognizes and protects labor's inherent right to organize; (2) it establishes collective bargaining, maintenance of membership and the check-off, and prohibits unfair labor practices on both the employer's part and the part of the employees; (3) it provides for setting up of boards of conciliation to deal with disputes; and (4) it sets up a Labor Relations Board to administer the Act. Board orders are made effective by becoming judgments or orders of the Court of King's Bench.[14]

The platform of the CCF has stressed socialized health services and it is believed that the matter of adequate health protection and care is primarily an economic problem. To implement the platform, a series of legislative acts and amendments provide for a Health Services Planning Commission, which has power to investigate and recommend the establishment of regions covering the entire province. Each region is to have a board which may operate hospitals, health centers and clinics; arrange with hospitals, doctors, dentists, nurses and others to provide health services for residents of the region, and pay for such services; investigate and

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14 Statutes of Saskatchewan, 1944, Second Session, Chapter 69. We quote Section 9 of this Act: "A certified copy of any order or decision of the board shall within one week be filed in the office of a registrar of the Court of King's Bench and shall thereupon be enforceable as a judgment or order of the court, but the board may nevertheless rescind or vary any such order."

plan improvements in the regions' health services.

The various acts and amendments provide for general and personal taxes to finance these operations, and provide the machinery and administrative details for levying and collecting these taxes. Provision is made to ensure administrative control of all health service organizations and plans by the Commission.[15] With respect to hospitalization, the Saskatchewan Hospitalization Act provides service for each resident of the Province and provides for a yearly tax of $5.00 per person or $30.00 per family, whichever is smaller.[16] Recipients of old age pensions and others benefiting from social assistance such as widowed mothers with children, are not required to pay a tax. The plan went into full effect January 1, 1947.

Health Region No. 1, centering on the city of Swift Current, with plans to institute a system of complete medical care, surgery and hospitalization for every person in the region, began operations July 1, 1946. Aside from the hospitalization provided to all in the Province generally, this region and other regional administrations as established, provide complete medical care. They provide for other public health services, such as regular examination of school and pre-school children by public health nurses; immunization of children; provision for infant and pre-natal care and advice to mothers; education of families regarding

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15 Saskatchewan Legislator's Handbook, Provincial Legislation for 1944-1946, Bureau of Publications, Regina, July, 1946.

16 Statutes of Saskatchewan, 1946, Chapter 82.

general health matters; maintenance of a system of health records for every person in the region; inspection of food, water and sewage facilities, and enforcement of sanitation and quarantine regulations; and sponsorship of public campaigns to improve the health and sanitary standards of particular communities.[17]

To achieve the ends and purposes set forth in the Regina Manifesto concerning agriculture, in so far as provincial jurisdiction permits, the CCF government has taken quite advanced steps. The Farm Security Act of 1944 provides that in case of crop failure (crop failure is defined by the Act) no taxes need be paid, and a sum equal to interest accruing on mortgage loans be deducted from capital; any farmer is entitled to retain exempt from seizure sufficient grain from a crop to pay for harvesting and seeding expenses, and to provide a living for himself and his family until next harvest; a farmer enjoys freedom from foreclosure and seizure of his home quarter-section.[18]

For the farm family educational facilities have been improved and educational costs as a whole reduced. Money grants from unit school boards provide free books, lunches, health services, and sixty cents per day to enable country children to attend high school.

A new Agricultural Representatives Act provides for the appointment of additional qualified agriculturists whose function is to do much the

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17 Saskatchewan News, May 27, 1946.

18 Statutes of Saskatchewan, Second Session 1944, Chapter 30.

same work done by the county agriculture agents in the United States. The service increased from fifteen representatives to thirty-four in little more than a year, with four supervisors each covering one-fourth of the Province, four assistants, an engineer and a land use survey man. All new full-fledged representatives must be graduates of the agricultural department of the University of Saskatchewan. The Agriculture Representative Service produces a means of disseminating information on agricultural research to the farmer.

By means of the Veterinary Services Act, municipalities are grouped into districts, and the district board draws up a schedule of fees which the veterinarian must adhere to. The contract of the veterinarian with the district allows the veterinarian $2,000 per year for travel expenses, which permits the veterinarian to charge the same price to every farmer in the district regardless of the distance he has to travel to a farm.[19]

The CCF government has provided several other aids to the rural population in an effort to raise the standard of life and to put the farmer at parity with other economic groups. The government has purchased a seed-cleaning plant at Moose Jaw to give increased service in that line. The rural electrification program has been accelerated and rural telephone line extension has been encouraged. Health services have been increased through regions set up by the Health Services Act, and through the Air

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19 Statutes of Saskatchewan, 1945, Chapter 75.

Ambulance Service, which provides ambulance service to isolated regions. Seed grain and feed and fodder indebtedness, incurred quite largely during the depression, which was to some extent simultaneous with an extended drought (era of the Dust Bowl) has been to a great extent canceled by various legislative acts.[20]

The Department of Co-operation and Co-operative Development has been established in the Provincial government to provide research concerning agricultural production and the processing and marketing of agricultural products.[21]

The established position of co-operative production and distribution in socialist thought finds a counterpart not only in the declared platform of the CCF party, but in actual practice they point with pride to the fact that they are the first and only province to set up a Department of Co-operation and Co-operative Development, with ministerial representation in the cabinet.

The department is administered in four divisions: one is concerned with administrative problems; a second does field work in organizing and inspecting co-operatives; another does extension service in helping new types of co-operatives to get started. Co-operative community halls and co-operative housing projects have been receiving attention, and in establishing returned service men in jobs and businesses of their own, much has been done in helping some to set up co-operative farming projects.

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20 Saskatchewan Legislator's Handbook, pp. 1-6.

21 Statutes of Saskatchewan, Second Session 1944, Chapter 6.

Among these projects are Matador farm, which will be a model for others, and the Carrot River project, to comprise eventually an area of 260,000 acres.[22]

The fourth and newest division of the Co-operation Department is that of trade information, which seeks to compile trade and business information and make it available to all residents. It will advertise Saskatchewan products and furnish information regarding goods which Saskatchewan people may want to import. Some comparisons will be drawn in the next chapter between what has been accomplished in the co-operative movement before and after the CCF came to power.

We have sought to show in this chapter what the CCF has done to implement their theories in the area of provincial authority where they now hold power. What they have done, of course, is subject to the authority of the Dominion, as pointed out in the previous chapter. Next we want to point out some comparisons between the accomplishments of the CCF and those of the previous administration, as far as we have data to point the way. An attempt will be made to compare the accomplishments of Saskatchewan under CCF control with other Canadian provinces or with the Canadian economy as a whole, which are still operating under a system of private enterprise.

22 Saskatchewan News, June 3, 1946 and August 19, 1946

CHAPTER VII

An Evaluation of CCF Administration and Comparisons with Other Areas.

In order to point out the benefits derived from the administration of the CCF in Saskatchewan, we do well to follow the same order in which we set forth the accomplishments of the CCF in Chapter VI. The first matter is in the field of finance, with four specific proposals. The first three have to do with banking and investment facilities, all in the domain of the Dominion government, as pointed out in Chapter V. The proposal concerning socialization of insurance has been carried out, with the resulting benefits of lowered premiums, not only for those buying insurance through the Government Insurance Office, but a consequent lowering of rates by competing private companies.

The benefits from the conservation policy regarding natural wealth of the present Provincial administration may not be immediately apparent, but who can gainsay the long-term benefits? If the Provincial department in charge succeeds in putting timber, fishing and trapping on a sustained yield basis, a sizeable number of Saskatchewan residents will benefit by having more permanent residences and incomes. Recreational areas benefiting those whose incomes do not come from lumbering, fishing and trapping will become more numerous and more accessible. Wasteful exploitation of irreplaceable natural resources by a few individuals for their own gain, witnessed in the recent past in both the United States and Canada, leaves poorer the people as a whole.

In the field of public utility operation, the government of the Province is engaged in bus transportation, but there are no comparative figures available as yet, by which to judge relative efficiency of operation. Saskatchewan Telephones is a government utility, and here again no comparative figures are available. In electrical energy production and transmission, however, we can get some view for comparison with the record of former administration. As noted in Chapter VI, during the first nine years of operation, the Saskatchewan Power Commission built up a deficit of $327,000. The years 1939-44 inclusive saw a total reduction of $96,000 in this deficit, or an average of $16,000 per year. Part of the year 1944 was under CCF administration, but in 1945, the first full year of CCF administration, another $157,000 was lopped off this accumulated deficit. Further momentum was gained during the second year of operation by the CCF, and the final figures showed a net margin of $414,000, which left a net surplus of $340,000 at December 31, 1946. While much of this accelerating net margin is due to a reduction in rates in a situation of elastic demand, the rate reductions are a part of the present administrative policy, and we can fairly say that the net gains being made are due to a change in administration.

Since Saskatchewan is primarily an agricultural province, no great progress has been made in extending public ownership to other industries beyond the utilities, but a start has been made, and the twelve or thirteen crown corporations to date (January, 1947) have made a good financial showing, as Chapter VI indicates. The opposition (which formed the previous

administration) has criticized the profit showing of these government industries, especially the prices and profits of the government printing office. They state that prices have been made high enough to automatically show a profit, but the provincial treasurer has shown that prices are the same as in 1943, while paper has gone up 50% and labor 20%.[1]

The government's claim that it has the most advanced labor legislation in Canada is well-founded. But when one examines the CCF proposal for measures to guarantee the right to work or maintenance, through stabilization of employment insurance, Dominion responsibility clearly comes into the picture, as Saskatchewan is not able to implement such a proposal. However, in the Province the benefits under workmen's compensation is now at the rate of 75%, highest of any in Canada or the United States; other social insurance is also provided.

The position of labor has been bettered by CCF administration. Not only has legislation codified the fundamental rights of labor to organize and bargain collectively, but other rights have been guaranteed, as noted previously. In addition to defining what shall be unfair labor practices on the part of employers, the Saskatchewan statute goes a step further and defines the responsibility of labor for unfair practices. Two are

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1 Saskatchewan News, Feb. 17, 1947.

specifically mentioned.[2] A step is here made toward a system of legal equities in labor problems, wherein not only management but labor assumes responsibilities.

In keeping with its general policy toward labor, other forward-looking actions have been taken toward government employees. Sick-leaves and vacation benefits have been enlarged and a comprehensive modern personnel program has been instituted. One example of these things is contained in a new agreement signed by the Saskatchewan Box Factory, operated by a crown corporation, and the union representing its employees. Not only is provision made for the third wage boost since the CCF took over the plant, but the agreement provides for 100% compensation benefits, with 75% coming from the workmen's compensation board and the corporation providing the balance.

The hospitalization insurance and health region plans offer benefits never provided before in Saskatchewan. Those who have never been able to afford adequate medical care or hospitalization are enabled to have it now. This has tended to create a picture of hospital crowding, of inadequate facilities. The picture is correct, but only because priority of

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2 Statutes of Saskatchewan, 1944, Chapter 69, Section 8 reads in part as follows: "(2) It shall be an unfair labour practice for any employee or any person acting on behalf of a labor organization:
(a) to use coercion or intimidation of any kind with a view to encouraging or discouraging membership in or activity in or for a labour organization. . . . .
(b) to take part in or persuade or attempt to persuade any employee to take part in a strike while an application is pending before the board or any matter is pending before a board of conciliation appointed under the provisions of this Act."

hospital space is now on the basis of need rather than ability to pay.

The farmer has more security now than formerly, by reason of the benefits set forth in Chapter VI. However, Saskatchewan farmers would like to get better prices for their wheat, especially so when they see the prices that United States farmers have been getting during recent years. A further reference is made to this problem and the suggestions the government advances to solve it, under the question of price control in the next chapter.

Co-operatives in Saskatchewan date back to 1886, and from that time to the end of 1943, the movement had grown to a total of 905 organizations with a membership of 250,000. Reports for the calendar year 1945 showed 876 organizations, with 299,000 members, at the end of the first full year of CCF administration. This is a decrease in the number of organizations, but a decided increase in the membership. The gains during the second year of CCF administration are considerably more impressive. The records now show 1,102 organizations, with 432,000 members, an increase of some 26% in number of organizations and some 44% in membership.[3] If there be an economic advantage to co-operative production and distribution, the Province has gained much in this area. It is interesting to note that Saskatchewan, while one of the small provinces in population, has lead all the others in numbers of co-operative organizations and amount of business done by them.[4]

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[3] Saskatchewan News, April 1, 1946 and February 24, 1947

[4] The Canada Year Book, Dominion Bureau of Statistics, Ottawa, 1946.

What of the overall picture? In spite of advanced legislation and the avowed socialistic nature of the government, which the opposition states has discouraged private enterprise, the figures show that from July, 1944, when the CCF came to power, to January 24, 1947, there were 335 new provincial corporations formed with $34,000,000 capital and 65 extra-provincial corporations formed with $70,000,000 capital. There were also 1307 partnerships formed.[5] Comparison between 1944, last year the Liberals were in office, and 1946, latest full year of CCF administration, is even more interesting. 74 new companies with capital of $3,000,000 were incorporated in 1944. During 1946, the number was 182, with an aggregate capitalization of $24,250,000.[6]

What is the record on taxation? During the years of Liberal administration the per capita tax increased from $6.11 in 1936 to more than double that figure in 1944, or $13.36 per capita. In the two years of CCF administration, the per capita tax has gone up about $2.00, to $15.58.[7] In view of the great demand on all taxing bodies in this time of adjustment, that is certainly not excessive.

Much criticism came to the present administration because of the size of the 1947-48 proposed budget. In view of the many social benefits the Saskatchewan government is attempting to provide, it is only natural that the budget expenditures should increase materially, but as a matter of fact, the percentage increase is small compared with those of the other western

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5 Saskatchewan News, February 17, 1947.

6 Ibid., March 24, 1947

7 Ibid., March 31, 1947

provinces. In Saskatchewan the proposed budget is only 14% ahead of last year, while in Manitoba it is 47% ahead, 42% in Alberta and 40% in British Columbia.[8]

The general impression one gathers from the comparisons presented thus far in this chapter is that the people of the Province have materially benefited from the CCF administration in Saskatchewan. The gains the people have experienced are apt to be the result of good, business-like administration rather than much change in the system, for we see that many of the reforms or methods advocated by the CCF were already in use before they came to power. Examples of this are found in the public ownership of utilities, and the development of co-operative organization. No matter how good the plan, results rest with the execution of the plan. Again these gains might be the result of war-borne prosperity, but that is belied by the fact that the CCF did not come to power until the middle of 1944. With as good administration, the previous Liberal government could have made as good a showing.

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8 Saskatchewan News, March 31, 1947

CHAPTER VIII

Criticism of Various Aspects of the CCF Proposals and Operating Results; Consideration of CCF Criticism of Private Enterprise.

In Chapter III it was shown that the CCF has a socialistic philosophy, that it is evolutionary in character, and that it does not believe in outright confiscation, but in reform by constitutional methods. Furthermore, it was shown that it has proposed a program in definite terms and some detail, more so than is true of many general socialist proposals. No attempt has been made to search out every detail of the economic program of the movement, but in Chapter IV we endeavored to isolate some proposals which would be indicative of the general trend. The proposals set out are definite, and we have tried to match proposal and performance as shown by the record of CCF administration in Saskatchewan, in Chapters IV and VI. This is subject, of course to the limitations pointed out in Chapter V, because the test is only applied to a province rather than to the Dominion as a whole.

We go on further to point out the impression gained from the preceding chapter, that the people of the Province have benefited materially from the CCF administration. In the latter part of the chapter we pointed out that this was probably due to good management rather than to much change in the system. This is further borne out by illustrations from both the Canadian and United States economies. Many of the methods and reforms advocated by the CCF have been successfully used in both the United States and Canada.

Regarding the Insurance Office which the government set up in Saskatchewan, we find programs much related to it in many places. Many of the largest insurance companies doing business in the United States are mutual companies, owned by the policy-holders, which is only one step removed from social ownership. Many state governments in the United States are in the insurance business through their workmens' compensation and unemployment insurance funds. All this is within the framework of a modified private enterprise system.

The entrance of the provincial government into the transportation industry by establishing its own bus lines on an exclusive franchise basis is not new to the American scene. We have many large municipalities in Canada and the United States operating large and complicated transportation systems. The area covered by the system in Saskatchewan is larger than any covered by municipal systems, but the organization required is not nearly so large or intricate. There is not sufficient evidence on hand as yet to judge as to the success of the Saskatchewan experiment in transportation, but elsewhere in Canada we can find successful publicly owned systems. For instance, Toronto has a Transportation Commission,[1] and the latest obtainable figures for operating are as follows:

Year	Net Income
1943	$ 660,498
1944	788,892
1945	141,743

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[1] Moody's, Governments and Municipals, 1947.

Another example may be found in the public utility field, that of electric power production and distribution. The CCF record is very good in comparison with that of the previous administration in the operation of the Saskatchewan Power Commission, as pointed out in the preceding chapter. In the United States we can point to successful examples of public operation of utilities, but there are others closer to Saskatchewan. In the eastern part of Canada, the Ontario Power Commission could be cited. The net surplus for the latest years for which figures are obtainable is $4,445,939, for the year 1945.[2] The commission sells largely on a wholesale basis to smaller distribution systems,of which Toronto Hydro-electric is one. Toronto Hydro net income for the year 1945 amounted to $1,186,635.[3] We must be cautious lest we convey the idea that net income is our only criterion by which to judge the success of such an enterprise; we must also look at the service and rates provided, and in the case of this same Toronto Hydro, we find some interesting things. It has reduced rates from 4.4¢ per kwh to 1¢ per kwh. Those using over 80 hours monthly of the billing demand get a rate of 1/3¢ per kwh, and for users of more than 400 hours monthly the price is 1/6¢ per kwh.[4] These figures were presented in 1944, and the net income

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2 Ibid., under section on Province of Ontario.

3 Ibid., same section.

4 Planning for Freedom, Dennison, William, M.P.P., Ontario, "Social Ownership -- Municipal and Co-operative", Thistle Printing Co., Toronto, 1944.

for that year was $1,135,692.[5]

Agriculture is one area that original CCF policy did not plan to disturb from private enterprise. Much that has been done recently in Saskatchewan in making scientific information and help available to the individual farmer follows procedures in use in the United States for many years through our county agent system. Other fields in which the CCF is attempting to encourage action, such as in the formation of different types of co-operative enterprise in the agricultural field, are following to some extent the pattern already in use in the United States. Production co-ops are represented by United Farmers of Vermont in the dairy business, the Florida Citrus Exchange, orange growers, and many others. Consumer co-ops are represented by Eastern States in the New England area, Ohio Farm Bureau Federation in the Middle West, and Midland farther out in the Middle West.

The effect of such co-operative action is to place the individual farmer or consumer in a better position to wield more economic and political power. He is able to meet other large business enterprises in the marketplace on more nearly equal terms. In other words, co-operative marketing and purchasing should do for the farmer and consumer what the rights of organizing and collective bargaining do for the laborer in equalizing his bargaining power with those whom he meets in the markets.

The longer one looks at the various aspects of the methods used successfully by the CCF administration in Saskatchewan, the more a feeling grows that the success has been duplicated elsewhere in Canada and the

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5 Moody's Governments and Municipals, 1947.

United States under what we term an economy of private enterprise. We are drawn to another conclusion in following this reasoning a little farther. Since we can find almost every device advocated by the CCF government in successful use elsewhere in our "capitalistic" economy, it is probable that our system of private enterprise has been modified to a degree where it is barely distinguishable from the type of socialistic system typified by the Co-operative Commonwealth Federation in Saskatchewan. It must be remembered, of course, that what we see in Saskatchewan are only the first steps on the way to a completely socialistic economy.

The solution to many problems the CCF finds in a planned economy. The emphasis that the socialist puts on planning is explained by the following reasoning. The public ownership of producers' goods in a socialist economy is vested in various government bodies; these do not automatically fashion productive possibilities into a harmonious whole and direct them to the desired goal. There would be required of necessity a conscious co-ordination of the economic activities of these various government agencies concerned with production, to the end that production might be channeled toward broad social objectives.

The burden on planning in such a case is tremendous. Under the relatively free markets of private enterprise, the individual manager makes decisions within a framework of a system of prices and production established by those markets. The markets automatically tell the manager what he will have to pay for materials, labor, managerial talent and commercial loan money. From the same markets he can determine approximately how much of his product he can sell at what price and make his decisions accordingly. In a completely socialized economy these automatic forces are no longer at

work and planning must set up the policies and goals for directing production.

The CCF government in Saskatchewan has been wise in making haste slowly to set up a planning board with executive power for directing the economy, with the experience of Great Britain before it. Faced with clashing gears in the machinery designed to mesh the planning function with the productive facilities of the nation, Britain has called in a young businessman, Sir Edwin Plowden, to act as chairman of the Planning Board. A much worried government has handed him the tough job of linking socialist plans with the realities of business operation.[6] We must remember that one of these realities is the unsympathetic attitude of those who own and manage many of these facilities of production. Other factors complicating the problem are the exhausted condition of the whole British economy and the state of economic crisis in which these matters have to be worked out.

Further criticism might be directed toward the CCF with regard to the omissions we have found in the process of relating proposals to practical operations. In Chapter III a reference is made to a statement by Mr. Lewis in which he says that one aim of the CCF is to make the goods and services produced through the collective effort of the people available equally to all the people. This is a broad and comprehensive aim, but Mr. Lewis does not say how it is to be accomplished. It is a fundamental aim of every proposal for a Socialist, Communist, or any other type of economic system. No doubt Mr. Lewis had in mind that it would be the end product of a socialist system brought to full fruition.

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[6] Business Week, April 12, 1947, p. 113.

In the proposals relating to the socialization of the banking structure, the CCF view is that the Central Bank should do three things: (a) control flow of credit (b) control general price level, and (c) regulate exchange operations. We can safely assume, I think, that the last item relating to regulation of exchange operations would be done in the customary way. As to the first and second proposals, nothing is said about how either is to work. By controlling the flow of credit the CCF presumably means "directing" the flow of credit. This would be understandable in view of the unique position that commercial banking occupies in the economic structure of modern civilization. Modern industry produces in anticipation of profit, and short-term loans are depended upon during the period between the inception of production and arrival of goods at the market. By granting or withholding credit, the bank has much to say about the direction production shall take. Under a socialized banking system, credit could be "directed" by the National Investment Board to the production of socially desirable goods, and not merely into those channels which would show the most promise of a satisfactory monetary return on the investment.

Aside from the question of whether controlling the general price level would be desirable as far as the domestic economy is concerned, the CCF proposal to control the price level doesn't make clear how it is to be accomplished. When the United States reduced the gold content of the dollar in 1934 and devalued the dollar, the immediate effect on the internal price level was little. Only in external dealings did the policy make itself felt. Recently Canada brought her dollar to a parity with the United States dollar, but the immediate effect on the internal level of prices was probably not very great.

During the war we had a good deal of experience with the control of prices and wages, in both the United States and Canada, and it has served to point out to some extent the difficulties to be encountered. The first method used was to "freeze" prices and wages (which are the prices of labor) at a predetermined level, which left many inequities and inequalities in need of correction. Correction had to be made for increases in the cost of living, and that was reduced to a formula, which was applied with some success for a time. As individual adjustments were made to correct the various inequities, the resulting increases forced other costs out of line, which led to other maladjustments. This was under conditions of wartime scarcity, and we now operate under somewhat different conditions.

There are similar difficulties without the effect of wartime conditions. For instance, in agriculture production tends to be rigid and prices to fluctuate. On the other hand, in industry prices tend to be rigid and production to fluctuate. Apparently the same method could not be used to correct a maladjustment in both. Farmers many times feel that the prices they receive are not sufficient to give them incomes at parity with what other sectors of the economy receive; sometimes they do not know what parity prices ought to be. In the summer of 1946, the Farmers' Union of Alberta and later the United Farmers of Canada, Saskatchewan section, had a strike and refused to deliver produce to market until prices were set at parity. It was urged that the Federal Government set up a fact-finding board to determine what the parity prices should be.[7] That the farmer has something

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[7] Saskatchewan News, September 23, 1946.

to complain about is indicated by comparison of the following two tables,[8]

Cost of Living		Farm Commodities	
1935-39 - 100		1926 - 100	
Year	Index	Year	Index
1940	105.6	1940	67.1
1941	111.7	1941	71.2
1942	117.0	1942	82.5
1943	118.4	1943	95.9
1944	118.9	1944	102.9
1945	119.5	1945	105.5
May 1945	122.0		

The CCF government has what it believes is a solution to the general problem of farm prices. In a resolution directed to the Federal government, the legislature of Saskatchewan proposed the following program: closing of the Winnipeg Grain Exchange; establishment of a Federal Grains Marketing Board with adequate grower representation; and obtaining of multilateral long-term agreements for sale of all grain at equitable prices, with adoption of a policy providing for flexible prices paid to farmers, to respond to changes in the purchasing power of the dollar resulting from inflationary trends or from relaxation of price controls.[9]

In Chapter IV reference is made to a proposal that there be a floor below which no person's income be allowed to fall. The proposal does not say how it is to be accomplished, and in addition there are other difficulties. If this is to be a definite income in dollars, how shall it be related to other wages, which fluctuate to a more or less degree? Suppose

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8 The Canada Year Book, Dominion Department of Statistics, Ottawa, 1946

9 Saskatchewan News, March 17, 1947.

that it be tied to some manner of index for the cost of living, what shall we include in the minimum standard of living, for we would need that in order to establish the floor? Perhaps we would need to adjust it to differing wage levels in different areas of the country.

In the second paragraph of the preamble to the Regina Manifesto we find compressed into a few words three indictments of the system of free enterprise: (1) "The present order is marked by glaring inequalities of wealth and opportunity. . . and in an age of plenty, it condemns the great mass of the people to poverty and insecurity." (2) "Power has become more and more concentrated into the hands of a small irresponsible minority of financiers and industrialists." (3) "When private profit is the main stimulus to economic effort, our society oscillates between periods of feverish prosperity . . . and catastrophic depression."

Let us examine the first of the criticisms, relating to the inequalities of wealth and opportunity. This seems to be based upon a theory of inequitable distribution of income and consequent under-consumption. We can say that in general no other country has been able to produce and consume the goods for such a high standard of living as found in the United States. This was accomplished in a system of private enterprise. This conclusion is modified by the viewpoint that probably no other nation ever had the physical and human resources in such relationship. Nor has any other system been tried in our developing economy. There is reason to believe that a planned economy would at least have conserved to a great extent our irreplaceable reserves of natural wealth.

As to the second item, concerning concentration of power, the United

States has taken rather successful steps to correct this situation, and we pointed out in a previous paragraph that labor organizations and co-operative associations are examples of other methods which might be used for leveling such lopsided economic power. Also it is possible for government to regulate without taking over all control of the economic life of a nation.

The third criticism has to do with the problem of business cycles. It is generally conceded that cycles are inherent in a system of free enterprise, and here is presented to us a choice. The planning and control necessary to eliminate the cycles of our system carries with it a limitation on our liberties, and the possibility of abuse of the power given to over-all agencies. The question that presents itself is something like this: do we want freedom or do we want more security at the price of part of our freedom?

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